

# INDEPENDENT AUDITOR'S REPORT

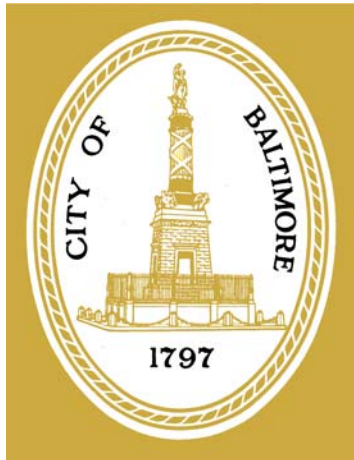
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## **THE WAR MEMORIAL COMMISSION**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2000

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**City of Baltimore  
Department of Audits**

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## CITY OF BALTIMORE

MARTIN O'MALLEY, Mayor



## DEPARTMENT OF AUDITS

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### INDEPENDENT AUDITOR'S REPORT

January 31, 2001

Honorable Joan M. Pratt, Comptroller  
and Other Members of the  
Board of Estimates  
City of Baltimore

We have audited Exhibit A, Computation of State's Fifty Percent Share of Net Expenditures for the Fiscal Year Ended June 30, 2000, and Schedule 1, Net Expenditures Chargeable to the War Memorial Commission Appropriation Accounts for the Fiscal Years Ended June 30, 2000 and June 30, 1999. These financial statements are the responsibility of the War Memorial Commission. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, net costs of operations for the fiscal years ended June 30, 2000 and June 30, 1999, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2001 on our consideration of the War Memorial Commission's compliance and internal control over financial reporting.

This report is intended solely for the information and use of the War Memorial Commission, State of Maryland, and the City of Baltimore management and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Yovonda D. Brooks, CPA  
City Auditor

WAR MEMORIAL COMMISSION  
COMPUTATION OF STATE'S FIFTY PERCENT SHARE OF NET  
EXPENDITURES FOR THE FISCAL YEAR ENDED JUNE 30, 2000

Net Expenditures Charged to the War Memorial Commission Appropriation Accounts for Fiscal Year 2000 (Schedule 1).....	<u><u>\$ 272,874</u></u>
 Fifty Percent Thereof Billable to the State.....	 \$ 136,437
 Balance Due from State from Prior Fiscal Years.....	 17,003
Prior Year Billing Adjustment.....	<u>101</u>
 Total Due from State.....	 153,541
 Amount Received from State During Fiscal Year 2000.....	 <u>122,993</u>
 Net Balance Due from State.....	 <u><u>\$ 30,548</u></u>

See notes to financial statements.

SCHEDULE 1

WAR MEMORIAL COMMISSION  
NET EXPENDITURES CHARGEABLE TO THE WAR MEMORIAL COMMISSION  
APPROPRIATION ACCOUNTS FOR THE FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

	<u>FY 2000</u>	<u>FY 1999</u>
EXPENDITURES:		
Salaries.....	\$ 145,802	\$ 135,220
Other Personnel Costs.....	50,146	44,208
Contractual Services:		
Gas, Electric, Steam.....	\$ 53,483	\$ 41,229
Maintenance and Repairs of Real Property.....	10,611	26,928
Telephone.....	3,872	5,253
All Others.....	<u>3,541</u>	<u>8,045</u>
Total Contractual Services.....	71,507	81,455
Materials and Supplies.....	5,111	28,588
Equipment Replacement.....	<u>308</u>	<u>2,409</u>
Total Expenditures.....	<u>\$ 272,874</u>	<u>\$ 291,880</u>

See notes to financial statements.

## **WAR MEMORIAL COMMISSION NOTES TO FINANCIAL STATEMENTS**

### **Background**

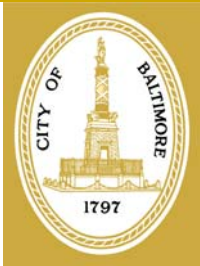
The War Memorial Commission (Commission) has the authority to spend, at its discretion, such funds as may be appropriated by the General Assembly of Maryland and the Mayor and City Council of Baltimore for the maintenance and administration of the War Memorial Building. This authority is provided by the State Government Article, Sections 9-801 through 9-807 of the *Annotated Code of Maryland*, which establishes the Commission as a unit in the Department of General Services of the State of Maryland. The City appropriates funds for operating expenses of the Commission, and all revenues received by the Commission are deposited with the City. The Department of General Services of the State of Maryland is billed by the City for one-half of the amount charged to the War Memorial Commission appropriation accounts.

Section 2, chapters 124 and 125, of the *1999 Laws of Maryland*, transferred *Annotated Code of Maryland* Sections 9-801 through 9-807 to Sections 9-931 through 9-937. This transfer, which became effective in October 1999, moved the War Memorial Commission from the Department of General Services to the Department of Veterans Affairs.

### **Significant Accounting Policies**

The War Memorial Commission reports to the State of Maryland expenditures as they are recorded (net of miscellaneous revenue) in the governmental funds of the City of Baltimore, except that encumbrances charged to the War Memorial Commission appropriation accounts are not included. This effectively puts the reporting on the modified accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America.

AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
FOR  
THE WAR MEMORIAL COMMISSION  
FISCAL YEAR ENDED  
JUNE 30, 2000



**AUDITOR'S REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

January 31, 2001

Honorable Joan M. Pratt, Comptroller  
And Other Members of the  
Board of Estimates  
City of Baltimore

We have audited the Computation of State's Fifty Percent Share of Net Expenditures for the Fiscal Year Ended June 30, 2000, and Net Expenditures Chargeable to the War Memorial Commission Appropriation Accounts for the Fiscal Years Ended June 30, 2000 and June 30, 1999 and have issued our report thereon dated January 31, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the War Memorial Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of material noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance which is described in the accompanying schedule of findings as Condition I.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the War Memorial Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by



employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We also followed up on an immaterial instance of noncompliance and certain matters involving the internal control over payroll and board minutes that were discussed in our prior audit report. We are reporting on these matters in Attachment I of this report.

This report is intended solely for the information and use of the War Memorial Commission, State of Maryland, and the City of Baltimore management and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Yovonda D. Brooks, CPA  
City Auditor

## **SCHEDULE OF FINDINGS OF NONCOMPLIANCE**

### **IMMATERIAL INSTANCES OF NONCOMPLIANCE**

#### **CONDITION I – WAR MEMORIAL COMMISSION EXPENDITURES TOTALING \$132 WERE NOT IN COMPLIANCE WITH THE ANNOTATED CODE OF MARYLAND**

According to the Annotated Code of Maryland, the War Memorial Commission (Commission) may use, for the maintenance and administration of the War Memorial Building, any funds that the General Assembly or the Mayor and City Council of Baltimore appropriate for those purposes. However, the Commission incurred the following costs that did not comply with the Annotated Code of Maryland:

Duplicate reimbursements	\$ 68
Commissioner meals	64
Total	<u>\$ 132</u>

The Commission submitted duplicate expenditure reimbursement requests to the City for a vendor invoice totaling \$68. The Commission received reimbursement of the expenditure for both requests.

The War Memorial Commission members often held their meetings during lunch or dinner. According to the City's Administrative Manual, a flat rate of \$10 per meeting for each Board member or Commissioner is available except where special federal or state requirements specify other rates of reimbursement. The Annotated Code of Maryland states that a Commission member is entitled to reimbursement under the Standard State Travel Regulations. These Standard State Travel Regulations allow \$18 for dinner and \$9.50 for lunch while on Commission business.

The Commission incurred meal expenses that exceeded the reimbursement rates permitted by the Standard State Travel Regulations. Specifically, three payments for Commissioners' meals exceeded the reimbursement rates allowed by the State in the amount of \$64.

We recommend that Commission expenditures be made only for the maintenance and administration of the War Memorial Building as stipulated in the Annotated Code of Maryland. Commissioners' meals should be reimbursed at rates permitted by the Standard State Travel Regulations. Additionally, the Commission should take steps to eliminate duplicate reimbursement requests to the City. The Commission should return the \$68 duplicate payment to the City.

ATTACHMENT I

WAR MEMORIAL COMMISSION

FISCAL YEAR ENDED JUNE 30, 2000

STATUS OF PRIOR YEAR'S

FINDINGS AND RECOMMENDATIONS

(Findings not considered to have a material effect  
on the financial statements)

## ATTACHMENT I

### **WAR MEMORIAL COMMISSION FISCAL YEAR ENDED JUNE 30, 2000 STATUS OF PRIOR YEAR'S FINDINGS AND RECOMMENDATIONS**

#### CONDITION I – WAR MEMORIAL COMMISSION EXPENDITURES TOTALING \$1,200 WERE NOT IN COMPLIANCE WITH THE ANNOTATED CODE OF MARYLAND

During the fiscal year 1999 audit, we noted that the War Memorial Commission had expenditures totaling \$1,200 that were not in compliance with the Annotated Code of Maryland.

##### Current Audit Status

The aforementioned \$1,200 included a duplicate reimbursement from the City totaling \$101. The \$101 was repaid during fiscal year 2000. The State did not require that the remaining \$1,099 be repaid. We also noted similar findings during fiscal year 2000 and have included these in CONDITION I of this report.

#### CONDITION II – CERTAIN COMMISSION MEETING MINUTES WERE NOT AVAILABLE OR WERE NOT PROPERLY DOCUMENTED

During the fiscal year 1999 audit, we noted that certain commission meeting minutes were not available or were not properly documented.

##### Current Audit Status

The minutes for Commission meetings were documented according to the Administrative Manual during fiscal year 2000. This finding has been resolved.

#### CONDITION III – PAYROLL ATTENDANCE REPORTS DID NOT HAVE ADEQUATE SUPPORTING DOCUMENTATION

During the fiscal year 1999 audit, we noted that certain payroll attendance reports did not have adequate supporting documentation.

##### Current Audit Status

War Memorial Commission employees are now signing in and out on a daily basis. Sign-in sheets show hours worked and types of leave used and are used for preparing the payroll attendance reports. This finding has been resolved.